

Message Text

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42

ACTION NEA-10

INFO OCT-01 ARA-10 EUR-12 EA-09 ISO-00 SP-02 USIA-15

AID-05 EB-07 NSC-05 CIEP-02 TRSE-00 SS-15 STR-04

OMB-01 CEA-01 CIAE-00 COME-00 FRB-01 INR-07 NSAE-00

XMB-04 OPIC-06 LAB-04 SIL-01 L-03 H-02 PA-02 PRS-01

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R 081007Z MAY 76

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 5298

INFO AMEMBASSY ABU DHABI

AMEMBASSY BELGRADE

AMEMBASSY BONN

AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY LONDON

AMEMBASSY MANAMA

AMEMBASSY MEXICO CITY

AMEMBASSY PARIS

AMEMBASSY STOCKHOLM

AMEMBASSY TEHRAN

AMEMBASSY TOKYO

USMISSION OECD PARIS UNN

USMISSION EC BRUSSELS

UNCLAS KUWAIT 2237

E.O. 11652: N/A

TAGS: EFIN KU

SUBJECT: MARCH/APRIL UNDERWRITING AND FINANCE NOTES

REF: (A) KUWAIT 1133 (NOTAL), (B) KUWAIT A-35, APRIL 5, 1976 (NOTAL)

1. KUWAIT BASED FINANCIAL INSTITUTIONS CONTINUED TO UNDERWRITE
A LARGER THAN NORMAL NUMBER OF EUROISSUES, ACCORDING TO NOTICES

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PUBLISHED DURING MARCH AND APRIL. AS NOTED REF A KUWAIT BASED
INSTITUTIONS PARTICIPATED IN A RECORD 27 ISSUES IN FEBRUARY. IN

MARCH AND APRIL A TOTAL OF 43 ISSUES WITH KUWAITI PARTICIPATION WERE ANNOUNCED. OF THESE, KUWAIT INSTITUTIONS MANAGED OR CO-MANAGED 11 OF THEM. IN ADDITION KUWAIT INVESTMENT COMPANY WAS THE GUARANTOR OF THE \$42 MILLION SEASPEED ISSUE ANNOUNCED IN MARCH.

2. AMONG THE ISSUES WERE TWO KUWAIT DINAR BORROWINGS. IN MARCH A KD 5 MILLION (KD 1 - \$3.50) BORROWING BY LJUBLJANSKA BANK MANAGED BY KFTCIC AND KUWAIT FINANCIAL CENTER WAS ANNOUNCED. IN APRIL A KD 6 MILLION BORROWING BY THE MEXICAN BANCO NACIONAL DE OBRAS Y SERVICIOS PUBLICOS MANAGED BY KIIC AND OTHERS WAS ANNOUNCED. OTHER ISSUES OF SPECIAL NOTE INCLUDE A \$30 MILLION ISSUE FOR THE IRANIAN MINING AND DEVELOPMENT BANK. FIVE KUWAITI INSTITUTIONS APPEARED AS UNDERWRITERS, AND THIS IS THE FIRST TIME WE HAVE NOTICED KUWAITI PARTICIPATION IN AN IRANIAN BORROWING. ALSO OF INTEREST WAS KIC'S PARTICIPATION IN A JPMORGAN EQUITY ISSUE. THOUGH KUWAITI INSTITUTIONS HAVE PREVIOUSLY PARTICIPATED IN EQUITY ISSUES, IT IS RELATIVELY UNUSUAL FOR THEM TO DO SO. ANOTHER NOTEWORTHY DEVELOPMENT OF THE PAST TWO MONTHS HAS BEEN THE RELATIVELY GREATER PARTICIPATION BY KUWAITI BANKS, PARTICULARLY THE GULF BANK. ALAHLI BANK HAS FOR SOME TIME BEEN ACTIVE AS AN UNDERWRITE THOUGH NOT AS A MANAGER. NOW THE OTHER LOCAL BANKS SEEM TO BE BEGINNING TO FOLLOW ALAHLI'S LEAD.

3. IN OTHER DEVELOPMENTS, BOTH KIC AND KFTCIC RECENTLY ANNOUNCED INCREASES IN THEIR CAPITALIZATION TO ABOUT \$100 MILLION EACH. IT IS EXPECTED THAT THE COMMERCIAL BANK OF KUWAIT WILL FOLLOW THE PRECEDENT SET BY THE INDUSTRIAL BANK OF KUWAIT WITH A NOTE ISSUE. IF COMMERCIAL BANK DOES THIS, IT WILL BE THE FIRST SUCH ISSUE IN KUWAIT BY A COMPLETELY PRIVATE COMPANY. NOW THAT IBK HAS SHOWN THAT DEBT ISSUES CAN BE PLACED SUCCESSFULLY HERE, OTHERS ARE EXPECTED TO FOLLOW. FINALLY, WE UNDERSTAND THAT LOCAL LENDERS INCLUDING PRESUMABLY THE GOK AND GOK-OWNED INSTITUTIONS ARE LENDING IN DEUTSCHE MARKS BUT THEY HAVE TURNED AWAY AN OPPORTUNITY TO LEND IN SWEDISH KRONER.

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